

2026/27

Hazlewoods

Payroll Facts

PAYE guide for employers



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Tax

Tax rates (rUK and Wales)	2025/26 Taxable income	2026/27 Taxable income
20% basic rate	Up to £37,700	Up to £37,700
40% higher rate	£37,701 - £125,140	£37,701 - £125,140
45% additional rate	Over £125,140	Over £125,140

Scottish tax rates (rUK and Wales)	2025/26 Taxable income	2026/27 Taxable income
19% starter rate	£1 - £2,827	£1 - £3,967
20% basic rate	£2,828 - £14,921	£3,968 - £16,956
21% intermediate rate	£14,922 - £31,092	£16,957 - £31,092
42% higher rate	£31,093 - £62,430	£31,093 - £62,430
45% advanced rate	£62,431 - £125,140	£62,431 - £125,140
48% top rate	Over £125,140	Over £125,140

Personal allowances	2025/26	2026/27
Personal allowance*	£12,570	£12,570
Blind person's allowance	£3,130	£3,250
Marriage allowance**	£1,260	£1,260
Married couple's allowance for those born before 6 April 1935		
Minimum	£4,360	£4,530
Maximum	£11,270	£11,700

* Personal allowance is restricted by £1 for every £2 of income over £100,000, to a minimum of nil.

** Spouses or civil partners who are both basic rate taxpayers can elect to transfer 10% of their personal allowance between them.

Pension allowances	2025/26	2026/27
Annual allowance	£60,000	£60,000
Lifetime allowance	N/A	NA

From April 2020, the annual allowance is reduced by £1 for every £2 of 'adjusted income' (which includes employer pension contributions) above £260,000 to a minimum of £10,000, but only if an individual also has 'threshold income' of over £200,000.

Student loan recovery threshold

An employee commences repayment of their student loan at 9% of their earnings which are subject to national insurance contributions (NICs) and exceed:

Plan 1 Students who took out their loan before 1 September 2012	Plan 2 Students who took out their loan on or after 1 September 2012		
per annum	£26,900	per annum	£29,385
per month	£2,241	per month	£2,448
per week	£517	per week	£565
Plan 4 Scottish students who were on Plan 1 will be moved to Plan 4	Plan 5 Students who took out their loan on or after August 2023		
per annum	£33,795	per annum	£25,000
per month	£2,816	per month	£2,083
per week	£650	per week	£480

Each pay period is treated in isolation; there are no carried forward debits or credits.

An employee commences repayment of their post graduate loan at 6% of their earnings which are subject to NICs and exceed:

Post graduate loan	
per annum	£21,000
per month	£1,750
per week	£403

National Insurance

Class 1 – Employers and Employees	Weekly	Fortnightly	Four weekly	Monthly	Annual
Lower earnings limit (LEL)	£129	£258	£516	£559	£6,708
Primary threshold (PT)	£242	£484	£967	£1048	£12,570
Secondary threshold (ST)	£96	£193	£384	£417	£5,000
Upper earnings limit (UEL)	£967	£1,934	£3,867	£4,189	£50,270
Upper secondary threshold (UST) for under 21's	£967	£1,934	£3,867	£4,189	£50,270
Apprentice upper secondary threshold (AUST)	£967	£1,934	£3,867	£4,189	£50,270
Veterans upper secondary threshold (VUST)	£967	£1,934	£3,867	£4,189	£50,270
Freeport upper secondary threshold (FUST)	£481	£962	£1,924	£2,083	£25,000
Investment Zone upper secondary threshold (IVUST)	£481	£962	£1,924	£2,083	£25,000

Earnings over the LEL qualify an individual for certain state benefits and must be reported under PAYE, but no employer's NICs are payable until earnings exceed the threshold of £96 per week and no employee's NICs are payable until earnings exceed the threshold of £242 per week.

National insurance rates	2025/26	2026/27	
Class 1 – Employers	LEL – ST	0%	0%
	Rate above ST (no upper limit)	15%	15%
Class 1 – Employees	LEL – PT	0%	0%
	Rate between primary threshold PT and UEL	8%	8%
	Rate above UEL	2%	2%
	Married women and widows rate above threshold, below UEL*	3.85%	3.85%
	Deferred rate	2%	2%
Class 1A**	15%	15%	
Class 1B (PAYE settlement agreement)	15%	15%	
Class 2 (Self-employed)	Small profits threshold (SPT)	£6,845	£7,105
	Flat rate per week	£3.50	£3.65
Class 3 (Voluntary)	Flat rate per week	£17.75	£18.40
Class 4 (Self-employed)	Lower limit	£12,570	£12,570
	Upper limit	£50,270	£50,270
	Rate between limits	6%	6%
	Rate above upper limit	2%	2%
Employment allowance	£10,500	£10,500	

* Only for women opting in before 1977

** (Taxable benefits, termination payments over £30,000 and sporting testimonial payments over £100,000)

Statutory payments

Statutory payments	2025/26	2026/27
Qualifying earnings level*	£125	£129
Statutory sick pay (SSP)	£118.75	£123.25
Statutory maternity pay (SMP)**	£187.18	£194.32
Statutory paternity pay (SPP)***	£187.18	£194.32
Statutory adoption pay (SAP)**	£187.18	£194.32
Statutory shared parental pay (ShPP)****	£187.18	£194.32
Statutory parental bereavement pay (SPBP)***	£187.18	£194.32
Statutory neonatal pay*****	£187.18	£194.32

- * Applies to all statutory payments apart from SSP where qualifying earnings level has been removed.
- ** First six weeks at 90% of average weekly earnings (AWE) then 33 weeks at 90% of AWE or £194.32 whichever is lower.
- *** One or two weeks at 90% of AWE or £194.32 whichever is lower.
- **** Weekly rate at 90% of AWE or £194.32 whichever is lower for a maximum of 37 Weeks
- ***** Up to 12 weeks of paid leave at a rate of £194.32 or 90% of earnings (whichever is lower), to be taken within 68 weeks of birth.

Recoverable amount from HMRC – SMP, SPP, SAP, ShPP and SPBP

92% if your total class 1 national insurance (both employee and employer contributions) is above £45,000 for the previous tax year, or 108.5% if your total class 1 national insurance for the previous tax year is £45,000 or lower.

Statutory redundancy

The maximum week's pay that an employee can receive under the statutory scheme is:

	2025/26	2026/27
England, Wales, Scotland	£719	£751
Northern Ireland	£749	£783

Ages	Number of weeks' pay
Each complete year of service between 18 and 21	0.5
Each complete year of service between 22 and 40	1
Each complete year of service over 41	1.5

Service exceeding 20 years is not counted.

A week's pay is the amount due under the employee's employment contract on the date that the minimum notice of termination of employment was or should have been given.



Car and fuel rates

Company cars and mileage

The car benefit is calculated by multiplying the list price of the car when new (not the purchase price) by a percentage that is dependent on the level of approved CO₂ emissions of the car.

Petrol/ Electric/ RDE2 Diesel

CO ₂ emissions	Electric range (miles)	Regd. before 6 april 2020 (NEDC) Appropriate %	Regd. before 6 april 2020 (WLTP) Appropriate %
0 g/km	n/a	4%	4%
1-50 g/km	130+	4%	4%
1-50 g/km	70-129	7%	7%
1-50 g/km	40-69	10%	10%
1-50 g/km	30-39	14%	14%
1-50 g/km	<30	16%	16%
51-54 g/km		17%	17%
55-59 g/km		18%	18%
60-64 g/km		19%	19%
65-69 g/km		20%	20%
70-79 g/km		21%	21%
Each additional 5 g/km		+1% (up to 37%)	+1% (up to 37%)
Non-RDE2 diesel suppliment		4%	4%
Maximum benefit in all cases		37%	37%

Fuel scale charges

	2025/26	2026/27
Car fuel benefit charge	£28,200	£29,200
Van fuel benefit charge	£769	£798

For 2024/25 the benefit is £27,800 multiplied by the relevant percentage as shown above (plus 4% diesel supplement where applicable but capped at 37%).

	2025/26	2026/27
Van benefit charge	£4,020	£4,170

HMRC's advisory fuel rates (AFR)

From 1 March 2026	Petrol	LPG	Diesel	Fully electric cars
1400cc or less	12p	10p	1600cc or less	12p
1401cc to 2000cc	14p	12p	1601cc to 2000cc	13p
Over 2000cc	22p	19p	Over 2000cc	18p
				Home charger: 7p Public charger: 15p

Electricity is not a fuel for car fuel benefit, the fully electric car advisory rate now has a split depending on charging location.

Hybrid cars are treated as either petrol or diesel cars for advisory fuel rates.

HMRC's approved tax-free business mileage rates for employees using company cars are reviewed quarterly, with any changes taking effect from 1 March, 1 June, 1 September and 1 December. The rates are the maximum amount that can be paid without a charge to tax and NIC for business miles. If an employee receives less than these rates, then they can claim tax relief on the difference.

For further information and current rates employers are advised to check the following website: www.gov.uk/guidance/advisory-fuel-rates

Approved mileage rates – for employees using their own vehicle	
First 10,000 for tax purposes	45p
Over 10,000 for tax purposes	25p
For NIC purposes – regardless of mileage	45p
Bicycle rate – regardless of mileage	20p
Motorcycle rate – regardless of mileage	24p
Passenger rate – regardless of mileage	5p

Useful information

National minimum wage (NMW)

NMW	2025/26	2026/27
Under 18s	£7.55	£8.00
Workers between 18-20	£10.00	£10.85
National Living Wage (21 and above)	£12.21	£12.71
Apprentice*	£7.55	£8.00

* Apprentices are entitled to apprentice rate if they are aged under 19 or are aged over 19 and in the first year of their apprenticeship.

If providing accommodation for employees then this can be taken into account when calculating the NMW.

Accommodation offset rates	2025/26	2026/27
Daily accommodation offset rate	£10.66	£11.10
Weekly accommodation offset rate	£74.62	£77.70

Tax codes

Code	What it means
L	For an employee entitled to the standard tax-free personal allowance.
M	Marriage allowance: for employee whose spouse or civil partner has transferred some of their personal allowance.
N	Marriage allowance: for employee who has transferred some of their personal allowance.
OT	For an employee whose personal allowance has been used up, or new employee who hasn't provided P45.
S	Income or pension is taxed at the Scottish rate of income tax.
C	Income or pension is taxed at the Welsh rate of income tax.
T	When HMRC needs to review tax code.
K	Total allowances are less than total 'deductions'.
BR	All income is taxed at the basic rate – currently 20%.
DO	All income is taxed at the higher rate of tax – currently 40%.
D1	All income is taxed at the highest rate of tax – currently 45%.
NT	When no tax is to be taken from income or pension.
CBR	Welsh basic rate – 20%
CDO	Welsh higher rate – 40%
CD1	Welsh additional rate – 45%
SBR	Scottish basic rate – 20%
SDO	Scottish intermediate rate – 21%
SD1	Scottish higher rate – 42%
SD2	Scottish top rate – 48%

Key Payroll dates

Annual	Monthly
<p>1 April National living wage and national minimum wage legislation becomes effective. The new rates will apply to the first pay reference period that begins on or after 1 April 2024.</p> <p>6 April Start of new tax year. New tax/NIC bands and thresholds are effective.</p> <p>19 April Deadline for final RTI submission of the year.</p> <p>31 May Issue of P60s to all eligible employees.</p> <p>6 July Return of forms P11D/P11D(b) to HM Revenue & Customs. Deadline for issuing form P11D to employees.</p> <p>19 July (22nd for electronic payments) Remittance deadline of Class 1A NICs (P11Ds).</p> <p>19 October (22nd for electronic payments) Remittance deadline of tax and Class 1B NICs (PSAs).</p>	<p>On or before each pay date Full payment summary (FPS) submission due to HMRC.</p> <p>19th of each month (22nd for electronic payments) Remittance deadline of PAYE, NICs and CIS to HMRC.</p> <p>19th of the following tax month Employer payment summary (EPS) submission due to HMRC to apply a reduction for any statutory payments made or to advise of NIL PAYE liability.</p>

Childcare vouchers

Tax rate	Maximum voucher value per week	Maximum voucher value per month
Basic rate tax payer – 20%	£55	£243
Higher rate tax payer – 40%	£28	£124
Additional rate tax payer – 45%	£25	£110

The Government introduced the tax-free childcare scheme (TFC) in 2017. For further information please go to: www.gov.uk/tax-free-childcare.

As a result, childcare vouchers schemes were closed to new entrants from 4 October 2018. Existing scheme members can continue to receive childcare vouchers if they remain eligible, do not leave the scheme and remain with their current employer.

Employees who joined a childcare voucher scheme on or before 5 April 2011 can receive vouchers worth up to £55 a week free of tax regardless of their tax rate.

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